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SUBJ: HOW MUCH TROUBLE IS TRUDEAU IN?

1. SUMMARY: TRUDEAU IS IN TROUBLE. A SERIES OF POLITICAL ERRORS OVER THE PAST YEAR HAVE ALIENATED FORMER SUPPORTERS AND CREATED NEW ENEMIES. DESPITE MODEST SUCCESS IN WAGE/PRICE CONTROLS, THE ECONOMY IS LIKELY TO REMAIN A NET MINUS. HEAT-UP OF THE LANGUAGE ISSUE IS KEEPING TRUDEAU AND HIS GOVERNMENT UNDER STRESS AT A TIME WHEN THEY HAD HOPED TO CHANGE TACTICS AND TONE, AND RECOUP. OUTLOOK IS FOR TRUDEAU TO FIGHT THROUGH TO ELECTIONS IN 1978, WITH THE ODDS CONSISTENTLY AGAINST HIM. BUT WE SHOULD NOT EXCLUDE THE POSSIBILITY THAT HE MAY STEP DOWN BEFOREHAND FREELY OR UNDER PRESSURE. MEANWHILE THE GOVERNMENT'S WEAKNESS LESSENS THE SCOPE FOR ANTI-US ACTIONS. END SUMMARY.

2. THIS MONTH'S STRING OF SETBACKS (DEFENSE MINISTER RICHARDSON'S RESIGNATION ON BILINGUALISM AND NEGLECT OF THE WEST, POLLS SHOWING OPPOSITION CONSERVATIVE LEADER CLARK FOR THE FIRST TIME WITH HIGHER PERSONAL APPROVAL RATINGS THAN TRUDEAU, TWO STINGING BY-ELECTION DEFEATS) POSES THE QUESTION OF THE FUTURE OF THE GOVERNMENT, AND OF TRUDEAU PERSONALLY.

3. BASIC TRENDS RUNNING AGAINST THE GOVERNMENT ARE EASY TO IDENTIFY: A BOGGY ECONOMY AND LANGUAGE BACK-

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LASH. BUT TRUDEAU HAS MUCH AGGRAVATED THEIR IMPACT,

CONSISTENTLY OVER-ESTIMATING HIS POWER AND AS A RESULT COMMITTING POLITICAL ERRORS. HE TURNED HIS MODESTLY SUCCESSFUL WAGE AND PRICE CONTROLS PROGRAM INTO A MAJOR POLITICAL DEBIT BY FAILING TO ASSOCIATE EITHER LABOR OR BUSINESS WITH IT EARLY. HE SPENT MORE CREDIT THAN HE COULD AFFORD IN PUSHING SUCH IDEALISTIC BUT UNPOPULAR MEASURES AS DEATH PENALTY ABOLITION AND GUN CONTROL. HIS INSISTENCE ON BRINGING THE CANADIAN CONSTITUTION HERE FROM BRITAIN HAS NOW BACKFIRED INTO NEW FEDERAL/PROVINCIAL CONTESTATION. AND HE HAS BEEN HIGH-HANDED IN DEALING WITH CABINET ASSOCIATES, LOSING THREE KEY MINISTERS (TURNER, THE MOST POPULAR ANGLO-POLITICIAN IN THE COUNTRY; MACKASEY, THE LIBERALS' MOST EFFECTIVE POPULIST; AND RICHARDSON, ONE OF ONLY TWO MINISTERS FROM THE PRAIRIES) BY REFUSING TO NEGOTIATE WHEN TOLD THEY WANTED TO RESIGN.

4. LIBERAL STRATEGISTS SAY THEIR PLUNGE HAS BOTTOMED OUT, AND THE POLLS GIVE SOME SUPPORT TO THAT. BUT IT IS HARD TO IDENTIFY TRENDS THAT WILL PULL THE PARTY UP AGAIN. NO ONE HERE EXPECTS THE US ECONOMY TO BOOM, AND DRAG ONTARIO AND QUEBEC BACK TO PROSPERITY, BEFORE THE NEXT CANADIAN GENERAL ELECTION ANTICIPATED IN 1978. BEST ESTIMATES ON INFLATION SHOW SLIGHT IF ANY IMPROVEMENT NEXT YEAR, WHILE EXASPERATION WITH THE BURDEN OF CONTROLS WILL MOUNT. LANGUAGE AND NATIONAL UNITY ISSUES, WHICH SEPARATIST GAINS EXPECTED IN NOVEMBER 15 QUEBEC ELECTION WILL HIGHLIGHT, WILL AT BEST BE HARD TO TURN TO A PROFIT, AS THE IDEA GROWS THAT CANADA NOW NEEDS AN ANGLO LEADER TO MAKE FURTHER PROGRESS ON BILINGUALISM. AT WORST THEY WILL SUBJECT THE GOVERNMENT TO A HARSH CROSSRUFF, AS ENGLISH AND FRENCH MINISTERS USE LEVERAGE TO TILT LANGUAGE POLICY. FINALLY CLARK, FOR ALL HIS LACK OF CHARISMA, HAS ALREADY SHOWN THAT HE CAN EXPLOIT TRUDEAU'S MISTAKES, MOUNT AN IMPRESSIVE ORGANIZATIONAL EFFORT, AND LOOK LIKE A LEADER ON THE FLOOR OF THE HOUSE.

5. TRUDEAU HAS AT LAST ABANDONED HIS INSouciance AND IS HARD AT WORK TRYING TO DIG OUT OF THE HOLE. FOR
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CREDIBILITY, HE IS BEING FRANK IN PUBLIC ON THE LIBERALS' DECLINE, AND IS TRYING TO PUT IT TO USE BY CLAIMING THAT NATIONAL UNITY COULD COLLAPSE IF HIS PARTY DID. HE HAS REORIENTED HIS RHETORIC BACK TO THE MIDDLE OF THE ROAD, PRAISING PRIVATE INITIATIVE AND CALLING FOR GREATER DISCIPLINE IN THE GOVERNMENT'S ROLE IN THE ECONOMY. HE IS ADOPTING A LOW-PROFILE PROGRAM, WITH FEW IDENTIFIABLE INITIATIVES, TRYING (SO FAR WITHOUT ANY SUCCESS) TO

FORCE THE CONSERVATIVES OUT INTO THE OPEN WITH PROGRAMS OF THEIR OWN, WHERE HE CAN GET AT THEM. AND HE IS TRYING TO CHANGE THE TONE OF HIS PUBLIC APPEARANCES, COMING ON AS MORE MODEST, MORE APPROACHABLE, LESS ARROGANT.

6. TRUDEAU IS SUCH A GIFTED POLITICAN THAT HE MAY WELL BE ABLE TO PULL IT OFF. OBSERVERS OFTEN POINT OUT THAT HE CAME FROM BEHIND TO WIN IN 1974. THEY ALSO POINT OUT THAT IT IS A LONG TIME BETWEEN NOW AND ELECTIONS IN MID-1978.

7. ALL OF THAT IS TRUE. BUT TRUDEAU'S DECLINE IS GREAT ENOUGH THAT TWO OTHER EVENTUALITIES, UNTIL RECENTLY FAR-FETCHED, MUST NOW BE CONSIDERED. ONE IS THAT TRUDEAU MIGHT VOLUNTARILY WITHDRAW AS PRIME MINISTER AND PARTY LEADER BEFORE ELECTIONS. THE OTHER IS THAT HE WOULD BE OUSTED BY HIS PARTY, THOUGH THE DEPARTURE COULD BE MADE TO LOOK VOLUNTARY.

8. THERE HAVE ALWAYS BEEN THOSE, FRIENDS AND ADVERSARIES, WHO HAVE IMAGINED THAT TRUDEAU, DETERMINED TO BE EQUAL TO THE BIG PROBELMS OR NOT GOVERN AT ALL, MORE GIVEN TO PHILOSOPHY THAN TO BEING KING, A LATE BUT ENTHUSIASTIC DISCOVERER OF FATHERHOOD, BOTH RICH AND DEFINAT, MIGHT SIMPLY ONE DAY CHUCK IT ALL AND WALK OUT. BUT YOU CAN JUST AS WELL CONCLUDE FROM HIGH EIGHT-YEAR HISTORY OF DOCTRINAL AND TACTICAL FLIP-FLOPS THAT HE IS A MAN WHO WILL HANG ON TO POWER AT ANY COST. AND HE HAS CONSISTENTLY PURSUED STRONG FEDERAL INSTITUTIONS AND BILINGUALISM, AND MIGHT WELL FEAR THAT HIS DEPARTURE WOULD THREATEN THOSE GOALS. I HAVE NO DOUBT THAT TRUDEAU'S PERSONAL SENSE OF IDENTITY WITH CANADIAN
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UNITY -- A SENSE WHICH SERVED HIM SO WELL BEFORE AND SO ILL NOW -- WOULD BE A CRITICAL ELEMENT IN ANY SUCH CHOICE.

9. THE POSSIBILITY OF AN OUSTER IS SIGNIFICANT NOW ONLY IN THE SENSE THAT PEOPLE (INCLUDING MEMBERS OF THE LIBERAL CAUCUS) HAVE BEGUN TO TALK ABOUT IT. BOTH THE INSTINCT FOR SURVIVAL AND CONSCIOUSNESS OF BEING THE GOVERNMENT PARTY WOULD PROBABLY HOLD THE LIBERALS BACK FROM AN OPEN LEADERSHIP STRUGGLE. BUT THE VERY SAME INSTINCTS COULD LEAD MANY LIBERALS TO PRESSURE TRUDEAU TO GO. AVAILABILITY OF A GOOD ALTERNATIVE -- JOHN TURNER -- IS AN INCENTIVE, AND A CONSTANT SOURCE OF ANXIETY TO TRUDEAU'S ADVISORS. WHILE CAREFUL NOT TO MAKE ANY OBVIOUS EFFORT TO TAKE ADVANTAGE OF

TRUDEAU'S TROUBLES, TURNER IS KEEPING HIMSELF IN THE PUBLIC EYE, AND CULTIVATING ALL HIS POLITICAL CONTACTS.

10. I AM NOT NOW PREDICTING A TRUDEAU DEPARTURE BY WHATEVER MEANS. THE PROSPECT REMAINS MUCH LESS PROBABLE THAN THAT TRUDEAU WILL CONTINUE TO LEAD THE LIBERALS THROUGH THE ELECTIONS. BUT IT CAN'T BE RULED OUT.

11. IN TERMS OF IMMEDIATE US INTERESTS, THE TRENDS ANALYZED CAN BE HELPFUL. WITH EACH MONTH THE TRUDEAU GOVERNMENT HAS APPEARED TO BE MORE SENSITIVE TO US VIEWS, AND MORE CONCERNED TO AVOID THE POLITICAL COSTS OF BEING SEEN TO MISMANAGE CANADA'S MOST IMPORTANT RELATIONSHIP.
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